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The White House Crisis: What Justice Dept. Knew

U.S. Says It Briefly Delayed Contra Case Over Hostages

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Special to the New York Times

WASHINGTON, Dec. 12 — Justice Department officials said today that the department had briefly delayed an investigation into private schemes to aid Nicaraguan rebels because of concern that the inquiry would jeopardize negotiations to free American hostages in Lebanon.

Two law enforcement officials said the Federal Bureau of Investigation agreed to halt its inquiry for about 10 days at the request of Stephen S. Trott, the No. 3 official at the Justice Department. The request was made several weeks ago, the officials said.

Lawmakers said the disclosures raised serious questions about whether senior Justice Department officials had advance knowledge of ties between support for the Nicaraguan rebels, known as contras, and efforts to release the hostages.

Administration officials have acknowledged that American weapons were sold to Iran in hopes of freeing the hostages, and that millions of dollars in profits from the arms sale were diverted to support the rebel groups.

Justice Dept. Statement

In a carefully worded statement, the Justice Department denied news reports indicating that Attorney General Edwin Meese 3d and other department officials had advance knowledge that money from Iran had been funneled to the contras. The officials have denied knowing of the diversions until late last month.

The statement by Patrick Korten, a department spokesman, said "legitimate national security concerns required a brief delay in inquiries involving Southern Air Transport several weeks ago."

Southern Air, a Miami-based carrier formerly owned by the Central Intelligence Agency, has been linked both to the Iran arms sale and efforts to support the contras. It was used to transport American arms to Iran through Israel earlier this year, officials said.

Mr. Korten would not say if the hostage issue figured in the decision to delay the inquiries. He added that the delay "does not go to the integrity of the process."

"The inquiries resumed shortly thereafter," he said. "The inquiries were not affected in any way." Both the F.B.I. and the Customs Service are said to be studying the activities of Southern Air, officials said.

At a brief meeting with reporters, Mr. Trott, the Associate Attorney General and former head of the Justice Department's Criminal Division, would not comment on reports of a delay in the F.B.I. investigation.

"I'm just not in a position to comment on it right now," he said.

Senior law enforcement officials said they were convinced that Mr. Trott knew nothing of the diversion of money to the contras, although he was probably aware of some link between support for the rebel groups and the American hostages.

In a letter to the department today, Senator Joseph R. Biden Jr. of Delaware, the ranking Democrat on the

Senate Judiciary Committee, called for an internal investigation of the reasons for the delay.

He said the inquiry should be conducted by the department's Office of Professional Responsibility and focus on "allegations of possible improper or unethical activities in connection" with the F.B.I. investigation.

The department had no immediate comment on the Senator's request. A Congressional aide said Mr. Biden's letter was intended to guarantee that Justice Department documents related to the case were not destroyed.

In another development, a member of the three-judge panel seeking a special prosecutor for the Iran arms investigation said the panel was still considering "several names that are very much at the top of our list."

F.B.I. Background Check

The judge, Walter R. Mansfield of the Court of Appeals for the Second Circuit, in New York, said in an interview that the panel had submitted a list of candidates to the F.B.I. for a preliminary background check and was waiting for a response.

"My hope is that we can get this thing over within the next week," he said. Judge Mansfield declined to discuss which lawyers were under consideration for the job of special prosecutor, known formally as an independent counsel.

Justice Department officials said the statement today was approved by the Attorney General and Mr. Trott. Law enforcement officials said they understood that Mr. Trott's request for a delay was made directly to William H. Webster, the F.B.I. Director.

An F.B.I. official said he did not believe that the request had prompted "any protest over here."

He said it was not unprecedented for the Justice Department or other agencies to seek delays in F.B.I. investigations, particularly in espionage cases that could jeopardize relations between the United States and other countries.

According to the Justice Department statement, the delay this time "did not adversely affect the conduct of these inquiries."

"At no time during this period did officials of the Department of Justice have or obtain knowledge of anything related to recent disclosures of funds transferred to the contras which were involved with the Iranian arms transfers," the statement said.

Law-enforcement officials said the F.B.I. investigation came after an American cargo plane was shot down Oct. 5 in Nicaragua, and Eugene Hasenfus, one of its American crew members, was taken prisoner.

Mr. Hasenfus said he was working for Corporate Air Services Inc. of Lancaster, Pa., a company he said was connected to Southern Air Transport.

Southern Air has denied any connection between the company and the downed plane but acknowledges that the plane's co-pilot, Wallace Blaine Sawyer Jr., worked for Southern Air until April. Only Mr. Hasenfus survived the crash.

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